

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 SP-02 AID-05 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04

SIL-01 TAR-01 L-03 H-02 /097 W
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R 181326Z DEC 75

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 3128

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

UNCLAS SECTION 1 OF 2 RIO DE JANEIRO 4144

PASS TREASURY FOR SUCHMAN

EO 11652: NA

TAGS: ETRD EFIN BR

SUBJ: RECENT GOB EXPORT INCENTIVES ACTIONS

REF: A) DE FALCO/MARSHALL TELECON DEC 12; B) BRASILIA 10428

1. AS REQUESTED REF TELECON FOL IS UNOFFICIAL ENGLISH TRANS-
LATION OF RECENT GOB EXPORT INCENTIVE ACTIONS:

2. DECREE-LAW NO. 1,426 OF DECEMBER 2, 1975:

ARTICLE 1 - IT IS HEREBY GUARANTEED THE UTILIZATION OF ACCUMULATED
CREDITS OF THE MERCHANDISE CIRCULATION TAX (ICM) RESULTING FROM
THE EXIT OF INDUSTRIALIZED PRODUCTS TO FOREIGN COUNTRIES OR
RELATING TO MERCHANDISE RECEIVED AND UTILIZED IN THEIR MANU-
FACTURE AND PACKAGING, WHICH CANNOT BE RECUPERATED BY THE
MANUFACTURING COMPANY THROUGH ANY OTHER FORM OF UTILIZATION,
COMPENSATION OR REIMBURSEMENT ADMITTED BY THE STATE LEGISLATION.

PARAGRAPH 1 - THE CREDITS REFERRED TO IN THIS ARTICLE CAN BE
DEDUCTED FROM THE VALUE OF THE INDUSTRIAL PRODUCTS TAX (IPI)
DUE BY THE MANUFACTURING COMPANY FOR ITS DOMESTIC MARKET OPER-

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ATIONS.

PARAGRAPH 2 - WHEN IT IS NOT POSSIBLE TO UTILIZE THE DEDUCTION IN THE INDUSTRIAL PRODUCTS TAX (IPI), THE MINISTER OF FINANCE CAN INDICATE ANOTHER FORMS FOR UTILIZATION OF THE CREDITS REFERRED TO IN THIS ARTICLE, INCLUDING THROUGH COMPENSATION OR REIMBURSEMENT.

PARAGRAPH 3 - THE APPLICATION OF THE PROVISIONS OF THIS ARTICLE SHALL DEPEND UPON A PROTOCOL TO BE MADE BETWEEN THE MINISTRY OF FINANCE AND THE SECRETARIAT OF TREASURY OR FINANCE OF THE FEDERATIVE UNIT IN WHICH THE MANUFACTURING COMPANY IS ESTABLISHED, IN WHICH THERE WILL BE DEFINED, AT THE PRODUCT LEVEL, THE TERMS, LIMITS AND CONDITIONS FOR THE UTILIZATION OF ACCUMULATED CREDITS OF THE MERCHANDISE CIRCULATION TAX DEALT WITH IN THIS ARTICLE.

ARTICLE 2 - THE MINISTER OF FINANCE MAY ESTABLISH OTHER FORMS FOR UTILIZATION, INCLUDING THROUGH COMPENSATION OR RESIMBURSEMENT OF CREDITS OF THE INDUSTRIAL PRODUCT TAX (IPI) GUARANTEED TO THE INDUSTRIAL COMPANIES, WHEN THEIR NORMAL RECUPERATION IS IMPOSSIBLE BY THE SYSTEM OF DEDUCTION FROM THE VALUE OF THE TAX DUE FOR DOMESTIC OPERATIONS.

ARTICLE 3 - THIS DECREE-LAW SHALL BECOME EFFECTIVE AS OF DATE OF ITS PUBLICATION, ALL PROVISIONS TO THE CONTRARY BEING HEREBY REVOKED.

BRASILIA, DECEMBER 2, 1975.

3. MINISTER OF FINANCE ORDINANCE NUMBER 471 OF DEC 2, 1975: THE MINISTER OF STATE FOR FINANCE, USING ATTRIBUTIONS CONFERRED UPON HIM BY ARTICLE 1, PARAGRAPH 3, ITEM IV OF DECREE NUMBER 64,833 OF JULY 17, 1969 AS AMENDED BY ARTICLE 1 OF DECREE NO. 68,044 OF JANUARY 12, 1971, RESOLVES:

I- THE FOLLOWING ITEMS CAN BE COMPUTED IN THE BASIS FOR CALCULATION OF THE CREDIT REFERRED TO IN ARTICLE 1 AND ITS PARAGRAPH 1 OF DECREE 64,833 OF JULY 17, 1969:

A) THE FREIGHT, EVEN "COLLECT" TO BE PAID BY THE IMPORTER, PROVIDED TRANSPORTATION OF THE EXPORTED MERCHANDISE IS MADE IN A BRAZILIAN FLAG VESSEL OR VEHICLE.

B) THE INSURANCE PREMIUM, EVEN WHEN PAID BY THE IMPORTER, WHEN COVERED BY A NATIONAL COMPANY.

C) COMMISSIONS PAID OR CREDITED TO AGENTS OR REPRESENTATIVES ABROAD, EVEN WHEN DEDUCTED FROM THE GROSS VALUE OF THE EXPORTED UNCLASSIFIED

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MERCHANDISE, PROVIDED THEY ARE WITHIN THE LIMITS USUALLY ACCEPTED IN THE EXPORT TRADE, AND PERMITTED OR AUTHORIZED, IN EACH CASE, BY THE FOREIGN TRADE DEPARTMENT OF BANCO DO BRASIL (CACEX) AND BY THE CENTRAL BANK OF BRAZIL, AND OBSERVING THE LIMIT OF UP TO 5 (FIVE) PERCENT OF THE FOB VALUE OF THE MERCHANDISE.

II- THERE WILL BE EXCLUDED FROM THE BASIS FOR CALCULATION OF THE CREDIT REFERRED TO IN THIS ORDINANCE, THE PORTION RELATING TO

THE CIF VALUE OF COMPONENTS IMPORTED UNDER THE DRAWDRAW SYSTEM WHICH EXCEEDS 25 (TWENTY FIVE) PERCENT OF THE FOB VALUE OF THE EXPORTED MERCHANDISE.

III- THERE WILL ALSO BE EXCLUDED FROM THE BASIS OF CALCULATION MENTIONED IN THE FOREGOING ITEM, THE PORTION RELATING TO THE CIF VALUE OF THE IMPORTED COMPONENTS UNDER THE BONDED WAREHOUSE SYSTEM.

IV- THE FEDERAL REVENUE SECRETARIAT AND CACEX SHALL ISSUE, IN THEIR RESPECTIVE AREAS, THE INSTRUCTIONS NECESSARY FOR IMPLEMENTATION OF THE PROVISIONS OF THIS ORDINANCE.

V-ORDINANCES NUMBER BR-79 OF SEPTEMBER 15, 1971 AND GB-182 OF JULY 14, 1972 ARE HEREBY REVOKED.

4. CENTRAL BANK RESOLUTION NUMBER 352 OF DECEMBER 2, 1975: THE CENTRAL BANK OF BRAZIL, IN ACCORDANCE WITH ARTICLE 9 OF LAW 4,595 OF DECEMBER 31, 1964, MAKES IT PUBLIC THAT THE NATIONAL MONETARY COUNCIL, IN ITS TODAY MEETING, HAVING IN VIEW PROVISIONS OF ITEMS V, XVII AND XXXI OF ARTICLE 4 OF THE ABOVE MENTIONED LAW, RESOLVED:

I- TO ESTABLISH A SPECIAL ALLOCATION FOR EXPORT INCENTIVE, BY

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 SP-02 AID-05 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04

SIL-01 TAR-01 L-03 H-02 /097 W
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R 181326Z DEC 75

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 3129

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

UNCLAS SECTION 2 OF 2 RIO DE JANEIRO 4144

MEANS OF THE APPLICATION BY THE FOREIGN TRADE DEPARTMENT OF BANCO DO BRASIL (CACEX) OF RESOURCES FROM THE EXPORT FINANCING FUND (FINEX), HAVING AS RELENDING AGENTS ACCREDITED BANKS, CLASSIFYING THESE AS THE BANKS AUTHORIZED TO OPERATE WITH FOREIGN EXCHANGE AND INVESTMENT BANKS PERMITTED TO CONDUCT THESE RELENDING OPERATIONS.

II- EXCLUSIVELY FOR THE PURPOSE OF THE TRANSACTIONS DEALT WITH IN THE FOREGOING ITEM, THE CENTRAL BANK MAY AUTHORIZE THE INVESTMENT BANKS TO EFFECT THE RESPECTIVE FOREIGN EXCHANGE TRANSACTIONS.

III- HAVING COMPLETED THE PRELIMINARY AGREEMENT WITH THE EXPORTER AS TO THE CONDITIONS OF THE TRANSACTION AND HAVING VERIFIED THAT THESE CONFORM WITH THE NORMS, REGULATIONS AND INSTRUCTIONS RELATING TO THE REFINANCING DEALT WITH IN THIS RESOLUTION, THE ACCREDITED BANK MUST SUBMIT THE REFINANCING PROPOSAL TO CACEX EXAMINATION.

IV- THE APPROVAL BY CACEX OF THE REFINANCING PROPOSAL SHALL ENABLE THE ACCREDITED BANK TO GO AHEAD WITH THE STEPS NECESSARY FOR THE CONCLUSION OF THE TRANSACTION.
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V- THE EXPORTS OF CAPITAL GOODS AND DURABLE CONSUMER GOODS MADE BY EXPORTING COMPANIES REGISTERED WITH CACEX AND FOR WHICH THE IMPORTER HAD BEEN GRANTED THE RESPECTIVE FINANCING ARE ELIGIBLE TO BENEFIT FROM THE REFINANCING MENTIONED IN THIS RESOLUTION.

VI- THE RESOURCES RELENT BY THE ACCREDITED BANKS FOR APPLICATION IN REFINANCING TO EXPORTS SHALL BE CONSIDERED OVER AND ABOVE THEIR RESPECTIVE OPERATION) 8.85 , HAVING AS A CEILING, HOWEVER, THE TOTAL OF PAID UP CAPITAL AND FREE RESERVES.

VII- THE BANKS INTERESTED IN MAKING OPERATIONS FORESEEN IN THIS RESOLUTION MUST OBTAIN FROM CACEX THE INFORMATION RELATING TO THE REFINANCING CONDITIONS.

VIII- THE SETTLEMENT OF FOREIGN EXCHANGE CONTRACTS RELATING TO EXPORT OPERATIONS REFINANCED BY FINEX SHALL BE MADE THROUGH THE ACTUAL RECEIVING OF THE CORRESPONDING FOREIGN EXCHANGE ABROAD OR THE DELIVERY OF THE DOCUMENTS REPRESENTING THE CREDIT DERIVING FROM THE EXPORT.

IX- THE CENTRAL BANK SHALL ISSUE THE COMPLEMENTARY INSTRUCTIONS NECESSARY TO IMPLEMENT THIS RESOLUTION.

5. CENTRAL BANK RESOLUTION NO 353 OF DECEMBER 2, 1975: THE CENTRAL BANK OF BRAZIL, IN ACCORDANCE WITH ARTICLE 9 OF LAW NO. 4,595

OF DECEMBER 31, 1964 MAKES PUBLIC THAT THE NATIONAL MONETARY COUNCIL IN A MEETING HELD TODAY, HAVING IN VIEW PROVISIONS OF ARTICLE 4, ITEM XVII OF THE ABOVE MENTIONED LAW AND ARTICLE 2, ITEM V OF DECREE-LAW NO. 914 OF OCTOBER 7, 1969, RESOLVED:

I-TO ESTABLISH A SPECIAL PROGRAM FOR EXPORT STIMULI FOR THE SECTORS WHICH WILL BE INDICATED BY THE FOREIGN TRADE DEPARTMENT OF BANCO DO BRASIL (CACEX) DESTINED TO SUPPLY WORKING CAPITAL FOR PRODUCING COMPANIES AND EXPORTERS WHICH INCREASE THEIR EXPORTS.

II- THE UTILIZATION OF THE FUNDS SHALL BE MADE THROUGH THE COMMERCIAL BANKS NETWORK, INCLUDING FEDERAL BANKS, BY MEANS OF REDISCOUNT OPERATIONS, OBSERVING THE FOLLOWING CONDITIONS:

- MATURITY OF THE CREDIT: UP TO 360 DAYS;
- CREDIT LIMIT: AMOUNT CORRESPONDING TO 100 PERCENT OF THE

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FORESEEN INCREASE IN EXPORTS DURING A ONE-YEAR PERIOD IN RELATION TO THE 12 PREVIOUS MONTHS, DEDUCTING THE IMPORTED COMPONENTS, IF IT IS THE CASE.

III-TO BE ELIGIBLE FOR THE PROGRAM, THE COMPANIES MUST OBTAIN FROM CACEX A QUOTE PARTICIPATION CARD UNQUOTE TO BE OBLIGATORILY SHOWN TO THE RELENDING BANK. BEFORE THE ISSUANCE OF THE "CARD" THE BENEFITTING COMPANIES SHALL SIGN A BOND IN WHICH THEY UNDER-TAKE TO PROVE WITHIN 390 DAYS, THE ACCOMPLISHMENT OF THE PROGRAMMED EXPORTS, AND IT WILL BE AT CACEX CRITERIA TO DECIDE ABOUT THE CONVENIENCE OF EXTENDING THE BOND.

IV- THE RESOURCES REFERRED TO IN ITEM II SHALL BE UTILIZED THROUGH A SPECIAL APPLICATION FROM THE BANKS TO THE CENTRAL BANK, WHICH WILL JUDGE THE CONVENIENCE AND AVAILABILITY OF THE PROGRAM.

V- THE OPERATIONS MENTIONED IN THIS RESOLUTION ARE EXEMPT FROM THE FINANCIAL OPERATIONS TAX (IOF).

VI- THE CENTRAL BANK AND CACEX SHALL ISSUE THE COMPLEMENTARY REGULATIONS NECESSARY TO IMPLEMENT THIS RESOLUTION, INCLUDING THOSE RELATING TO THE MONETARY PENALTIES FOR THE NON-OBSERVANCE OF ITS PROVISIONS.

DEXTER

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